

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA,

Plaintiff,

v.

UNITED TECHNOLOGIES CORPORATION

and

ROCKWELL COLLINS, INC.,

Defendants.

**HOLD SEPARATE STIPULATION AND ORDER**

It is hereby stipulated and agreed by and between the undersigned parties, subject to approval and entry by the Court, that:

**I. DEFINITIONS**

As used in this Hold Separate Stipulation and Order:

- A. “Acquirer” or “Acquirers” means the entity or entities to whom Defendants divest any of the Divestiture Assets.
- B. “Acquirer of the Ice Protection Divestiture Assets” means the entity to which Defendants divest the Ice Protection Divestiture Assets.
- C. “Acquirer of the THSA Divestiture Assets” means Safran S.A. or the entity to which Defendants divest the THSA Divestiture Assets.
- D. “UTC” means defendant United Technologies Corporation, a Delaware

corporation with its headquarters in Farmington, Connecticut, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and their directors, officers, managers, agents, and employees.

E. “Rockwell Collins” means defendant Rockwell Collins, Inc., a Delaware corporation with its headquarters in Cedar Rapids, Iowa, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships, and joint ventures, and their directors, officers, managers, agents, and employees.

F. “Ice Protection Business” means Rockwell Collins’ SMR Technologies division, including Rockwell’s business in the development, manufacture, and sale of pneumatic ice protection systems and other ice protection products.

G. “WEMAC Product Line” means the Rockwell Collins products sold under the WEMAC name, including air gasper valves and interior signage components.

H. “Ice Protection Divestiture Assets” means Rockwell Collins’ Ice Protection Business, including:

1. The facility located at 93 Nettie-Fenwick Road, Fenwick, West Virginia (“Fenwick Facility”);

2. All tangible assets primarily related to the Ice Protection Business, with the exception of those used exclusively in the WEMAC Product Line, including but not limited to research and development activities; all manufacturing equipment, tooling and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property; all licenses, permits, certifications, and authorizations issued by any governmental organization relating to the Ice Protection Business; all contracts, teaming arrangements, agreements, leases, commitments, certifications, and understandings, including supply agreements; all customer lists,

contracts, accounts, and credit records; all repair and performance records and all other records relating to the Ice Protection Business;

3. All intangible assets primarily related to the Ice Protection Business, with the exception of those used exclusively in the WEMAC Product Line, including, but not limited to, all patents; licenses and sublicenses; intellectual property; copyrights; trademarks; trade names; service marks; service names; technical information; computer software and related documentation; know-how; trade secrets; drawings; blueprints; designs; design protocols; specifications for materials; specifications for parts and devices; safety procedures for the handling of materials and substances; quality assurance and control procedures; design tools and simulation capability; all manuals and technical information Defendants provide to their own employees, customers, suppliers, agents, or licensees; and all research data concerning historic and current research and development efforts relating to the Ice Protection Business, including, but not limited to, designs of experiments and the results of successful and unsuccessful designs and experiments.

I. “THSA Divestiture Business” means Rockwell Collins’ business in the design, development, manufacture, sale, service, or distribution of: (i) trimmable horizontal stabilizer actuators (“THSAs”), legacy flap actuation, and nose wheel steering gear boxes; and (ii) pilot control systems, including center yokes, rudder brake pedal units, throttle quadrant assemblies, auto-throttles, and control stand modules.

J. “THSA Divestiture Assets” means, subject to the terms of Paragraph V(D) of the Final Judgment:

1. The facilities located at 1833 Alton Parkway, Irvine, California (“Building 518”) and Ave. Sierra San Agustin #2498, Col. El Porvenir C.P. 21185, Mexicali, Mexico

(“Building 1”);

2. At the option of the Acquirer of the THSA Divestiture Assets, the facilities located at 1733 Alton Parkway, Irvine, California (“Building 517”), 1100 W. Hibiscus Boulevard, Melbourne, Florida (“Building 213”), and Ave. Sierra San Agustin #2498, Col. El Porvenir C.P. 21185, Mexicali, Mexico (“Building 2”);

3. All tangible assets primarily related to or necessary for the operation of the THSA Divestiture Business, including but not limited to research and development activities, all manufacturing equipment, tooling and fixed assets, personal property, inventory, office furniture, materials, supplies, and other tangible property; all licenses, permits, certifications, and authorizations issued by any governmental organization relating to the THSA Divestiture Business; all contracts; all teaming arrangements, agreements, leases, commitments, certifications, and understandings, including supply agreements; all customer lists, contracts, accounts, and credit records; all repair and performance records and all other records relating to the THSA Divestiture Business;

4. All intangible assets primarily related to or necessary for the operation of the THSA Divestiture Business, including, but not limited to, all patents; licenses and sublicenses; intellectual property; copyrights; trademarks; trade names; service marks; service names; technical information; computer software and related documentation; know-how; trade secrets; drawings; blueprints; designs; design protocols; specifications for materials; specifications for parts and devices; safety procedures for the handling of materials and substances; quality assurance and control procedures; design tools and simulation capability; all manuals and technical information Defendants provide to their own employees, customers, suppliers, agents, or licensees; and all research data concerning historic and current research and

development efforts relating to the THSA Divestiture Business, including, but not limited to, designs of experiments and the results of successful and unsuccessful designs and experiments.

K. “Divestiture Assets” means the Ice Protection Divestiture Assets and the THSA Divestiture Assets.

## **II. OBJECTIVES**

The Final Judgment filed in this case is meant to ensure Defendants’ prompt divestitures of the Divestiture Assets for the purpose of establishing one or more viable competitors in the pneumatic ice protection and trimmable horizontal stabilizer actuator (“THSA”) businesses in order to remedy the effects that the United States alleges would otherwise result from UTC’s acquisition of Rockwell Collins. This Hold Separate Stipulation and Order ensures, prior to such divestitures, that the Divestiture Assets remain independent, economically viable, and ongoing business concerns that will remain independent and uninfluenced by UTC, and that competition is maintained during the pendency of the ordered divestitures.

## **III. JURISDICTION AND VENUE**

The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in the United States District Court for the District of Columbia.

## **IV. COMPLIANCE WITH AND ENTRY OF FINAL JUDGMENT**

A. The parties stipulate that a Final Judgment in the form attached hereto as Exhibit A may be filed with and entered by the Court, upon the motion of any party or upon the Court’s own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act (“APPA”) (15 U.S.C. § 16), and without further notice to any party or other proceedings, provided that the United States has not withdrawn its consent, which it may do at

any time before the entry of the proposed Final Judgment by serving notice thereof on Defendants and by filing that notice with the Court. Defendants agree to arrange, at their expense, publication as quickly as possible of the newspaper notice required by the APPA, which shall be drafted by the United States in its sole discretion. The publication shall be arranged no later than three (3) business days after Defendants' receipt from the United States of the text of the notice and the identity of the newspaper within which the publication shall be made. Defendants shall promptly send to the United States (1) confirmation that publication of the newspaper notice has been arranged, and (2) the certification of the publication prepared by the newspaper within which the notice was published.

B. Defendants shall abide by and comply with the provisions of the proposed Final Judgment, pending the Judgment's entry by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation by the parties, comply with all the terms and provisions of the proposed Final Judgment. The United States shall have the full rights and enforcement powers in the proposed Final Judgment, including Section XI, as though the same were in full force and effect as the final order of the Court.

C. Defendants shall not consummate the transaction sought to be enjoined by the Complaint herein before the Court has signed this Hold Separate Stipulation and Order.

D. This Stipulation shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

E. In the event (1) the United States has withdrawn its consent, as provided in Paragraph IV(A) above, or (2) the proposed Final Judgment is not entered pursuant to this Stipulation, the time has expired for all appeals of any Court ruling declining entry of the

proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

F. Defendants represent that the divestitures ordered in the proposed Final Judgment can and will be made, and that Defendants will later raise no claim of mistake, hardship or difficulty of compliance as grounds for asking the Court to modify any of the provisions contained therein.

#### **V. HOLD SEPARATE PROVISIONS**

Until the divestitures required by the Final Judgment have been accomplished:

A. Defendants shall preserve, maintain, and continue to operate the Divestiture Assets as independent, ongoing, economically viable competitive businesses, with management, sales and operations of such assets held entirely separate, distinct and apart from those of UTC's other operations. UTC shall not coordinate its production, marketing, or terms of sale of any products with those produced by or sold under any of the Divestiture Assets. Within twenty (20) days after the entry of the Hold Separate Stipulation and Order, Defendants will inform the United States of the steps Defendants have taken to comply with this Hold Separate Stipulation and Order.

B. Defendants shall take all steps necessary to ensure that (1) the Divestiture Assets will be maintained and operated as independent, ongoing, economically viable and active competitors in pneumatic ice protection and THSA businesses; (2) management of the Divestiture Assets will not be influenced by Defendants; and (3) the books, records, competitively sensitive sales, marketing and pricing information, and decision-making

concerning production, distribution or sales of products by or under any of the Divestiture Assets will be kept separate and apart from Defendants' other operations.

C. Defendants shall use all reasonable efforts to maintain and increase the sales and revenues of the products produced by or sold under the Divestiture Assets, and shall maintain at 2018 or previously approved levels for 2019, whichever are higher, all promotional, advertising, sales, technical assistance, marketing and merchandising support for the Divestiture Assets.

D. Defendants shall provide sufficient working capital and lines and sources of credit to continue to maintain the Divestiture Assets as economically viable and competitive, ongoing businesses, consistent with the requirements of Paragraphs V(A) and (B).

E. Defendants shall take all steps necessary to ensure that the Divestiture Assets are fully maintained in operable condition at no less than its current capacity and sales, and shall maintain and adhere to normal repair and maintenance schedules for the Divestiture Assets.

F. Defendants shall not, except as part of a divestiture approved by the United States in accordance with the terms of the proposed Final Judgment, remove, sell, lease, assign, transfer, pledge or otherwise dispose of any of the Divestiture Assets.

G. Defendants shall maintain, in accordance with sound accounting principles, separate, accurate and complete financial ledgers, books and records that report on a periodic basis, such as the last business day of every month, consistent with past practices, the assets, liabilities, expenses, revenues and income of the Divestiture Assets.

H. Defendants shall take no action that would jeopardize, delay, or impede the sale of the Divestiture Assets.

I. Defendants' employees with primary responsibility for the design, development, production, distribution, or sale, or service of products by or under any of the Divestiture Assets



shall not be transferred or reassigned to other areas within the company except for transfer bids initiated by employees pursuant to Defendants' regular, established job posting policy.

Defendant shall provide the United States with ten (10) calendar days' notice of such transfer.

J. Defendants shall appoint a person or persons to oversee the Divestiture Assets and who will be responsible for Defendants' compliance with this section. This person(s) shall have complete managerial responsibility for the Divestiture Assets, subject to the provisions of this Final Judgment. In the event such person is unable to perform his duties, Defendants shall appoint, subject to the approval of the United States, a replacement within ten (10) working days. Should Defendants fail to appoint a replacement acceptable to the United States within this time period, the United States shall appoint a replacement.

K. Defendants shall take no action that would interfere with the ability of any trustee appointed pursuant to the Final Judgment to complete the divestitures pursuant to the Final Judgment to an Acquirer or Acquirers acceptable to the United States.

#### **VI. DURATION OF HOLD SEPARATE AND ASSET PRESERVATION OBLIGATIONS**

Defendants' obligations under Section V of this Hold Separate Stipulation and Order shall remain in effect until (1) consummation of the divestitures required by the proposed Final Judgment or (2) until further order of the Court. If the United States voluntarily dismisses the Complaint in this matter, Defendants are released from all further obligations under this Hold Separate Stipulation and Order.

Dated: October 1, 2018

Respectfully submitted,

FOR PLAINTIFF  
UNITED STATES OF AMERICA

  
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UNITED TECHNOLOGIES CORPORATION

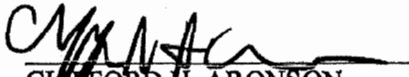


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ORDER

IT IS SO ORDERED by the Court, this            day of            , 2018.

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United States District Judge